

Message Text

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DRAFTED BY: NEA/INS:DKUX:EI

APPROVED BY: S/S-O:LMATTESON

NEA:ALATHERTON

EB-MR. KATZ

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

C O N F I D E N T I A L STATE 003613

E.O. 11652: GDS

TAGS: EAGR, IN

SUBJECT: PL 480 AGREEMENT WITH THE INDIANS

1. SUMMARY. IN JANUARY 7 MEETING, SECRETARY AND INDIAN AMBASSADOR KAUL REACHED AGREEMENT IN PRINCIPLE ON MAJOR ISSUES THAT HAVE COME UP IN PL 480 NEGOTIATIONS: REPAYMENT BY INDIANS OF SOVIET WHEAT LOAN AND INDIAN DESIRE TO REPAY PROPOSED U.S. AGREEMENT ENTIRELY IN DOLLARS. END SUMMARY.

2. SECRETARY SAID HE THOUGHT WE HAD FORMULA WHICH WOULD RESOLVE PROBLEM POSED BY INDIAN OBLIGATION TO REPAY SOVIET WHEAT LOAN IN KIND. AS HE UNDERSTOOD ISSUE, INDIA WOULD NOT HAVE TO START WHEAT SHIPMENTS TO SOVIET UNION UNTIL NEXT FALL. BY THEN, U.S. WOULD HAVE COMPLETED DELIVERIES UNDER PROPOSED PL 480 AGREEMENT. ATHERTON SAID THERE WAS QUESTION OF WHEN INDIANS ACTUALLY WOULD START REPAYMENTS
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TO SOVIETS. KAUL STATED THAT THESE WOULD NOT HAVE TO BEGIN

UNTIL JUNE 1976. (WE NOTE INDIAN FOOD SECRETARY SPOKE TO EMBASSY DELHI IN TERMS OF AUGUST 1976).

3. THE SECRETARY SAID THAT SINCE U.S. DELIVERIES WOULD BE OVER BEFORE ANY INDIAN REPAYMENTS IN KIND BEGAN, THERE APPEARED TO BE NO PROBLEM UNDER THE PROPOSED PL 480 AGREEMENT. THEREFORE, HE DID NOT SEE THAT ANY FORMAL ACTION WAS NEEDED AT THIS TIME. WE HAD ABOUT A YEAR AND A HALF, THE

SECRETARY STATED, IN WHICH TO FIND A WAY AROUND THE DIFFICULTIES INDIAN WHEAT SHIPMENTS TO THE SOVIETS WOULD POSE IN THE EVENT OF LATER PL 480 AGREEMENTS.

4. AMBASSADOR KAUL EXPRESSED THE VIEW THAT IT WOULD BE USEFUL TO EXCHANGE A NOTE VERBALE OR SOME OTHER WRITTEN UNDERSTANDING ON THE QUESTION. IT WAS THEN AGREED THAT THIS COULD INDICATE THAT (A) INDIA HAS AN OBLIGATION TO REPAY THE SOVIETS BEGINNING IN 1976, (B) THAT THIS DOES NOT AFFECT THE PROPOSED PL 480 AGREEMENT, AND (C) THAT THE TWO PARTIES WOULD AGREE TO CONSULT SHOULD FUTURE PROBLEMS IN THIS REGARD ARISE. IT WAS AGREED THAT THE DEPARTMENT WOULD WORK OUT SPECIFIC LANGUAGE WITH THE INDIAN EMBASSY FOR SUCH A STATEMENT TO BE INCLUDED IN THE AGREED MINUTES OF THE AGREEMENT. THE INDIANS WILL THEN SEEK GOI APPROVAL FOR THE PROPOSED LANGUAGE.

5. AMBASSADOR KAUL ALSO RAISED THE QUESTION OF INDIA'S DESIRE TO REPAY THE PL 480 AGREEMENT ENTIRELY IN DOLLARS. THE SECRETARY STATED THAT WE COULD TAKE CARE OF THIS PROBLEM.

6. SEPTTEL COVERS OTHER TOPICS DISCUSSED. KISSINGER

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